

Enterprise 2.0



How Business Is Transforming in
the 21st Century

Dion Hinchcliffe

Introduction

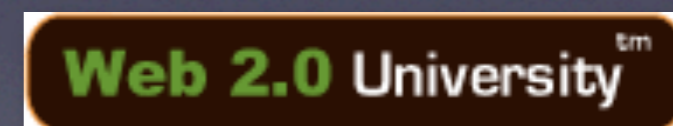


Dion Hinchcliffe

- ZDNet's Enterprise Web 2.0
 - <http://blogs.zdnet.com/Hinchcliffe>
- Social Computing Journal – Editor-in-Chief
 - <http://socialcomputingjournal.com>
- Enterprise 2.0 TV Show
 - <http://e2tvshow.com>
- **Hinchcliffe & Company**
 - <http://hinchcliffeandco.com>
 - <mailto:dion@hinchcliffeandco.com>
- **Web 2.0 University**
 - <http://web20university.com>
 -  : dhinchcliffe



From the **REUTERS** TV Studio in Times Square
The Enterprise 2.0 TV Show

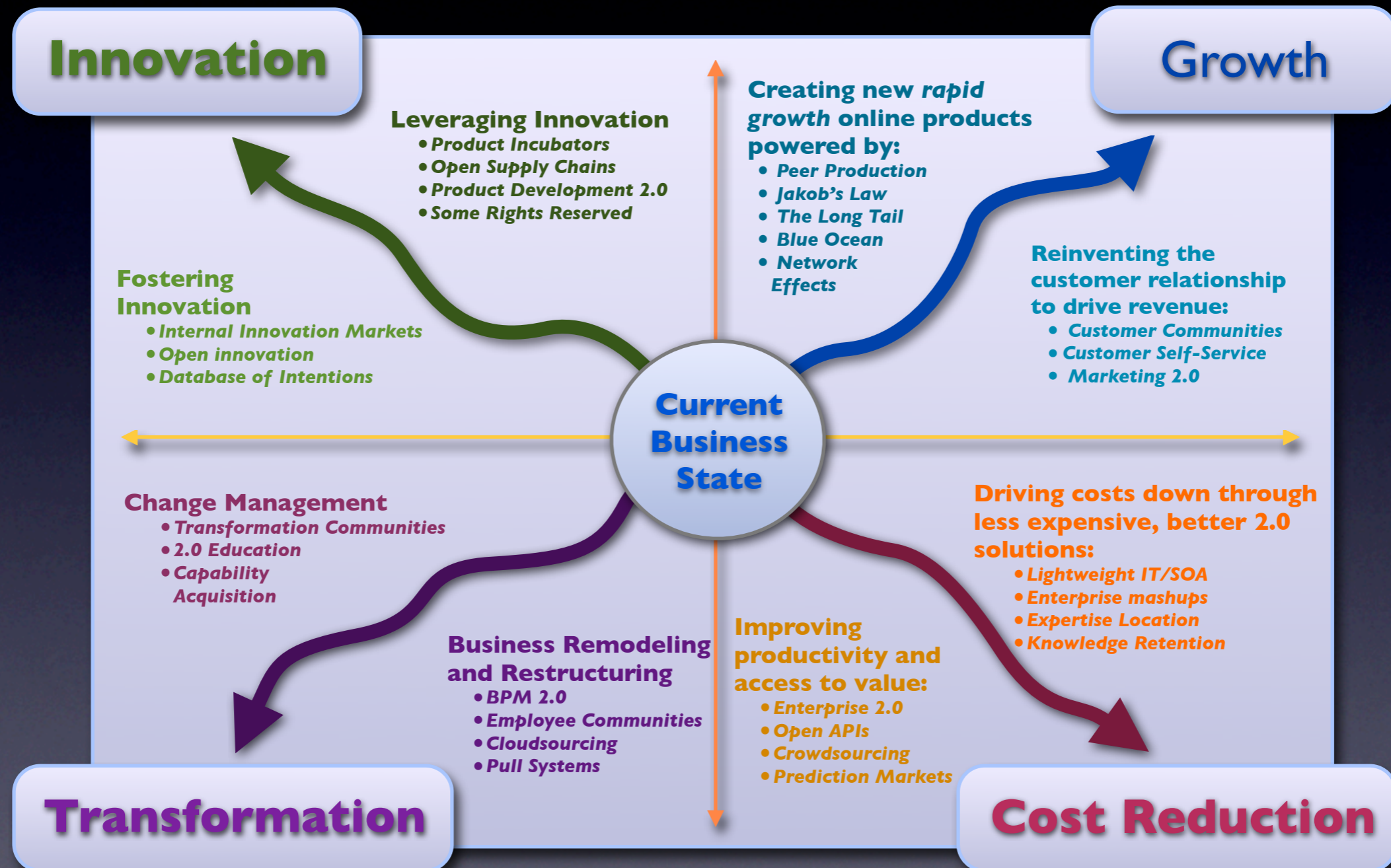




Backstory

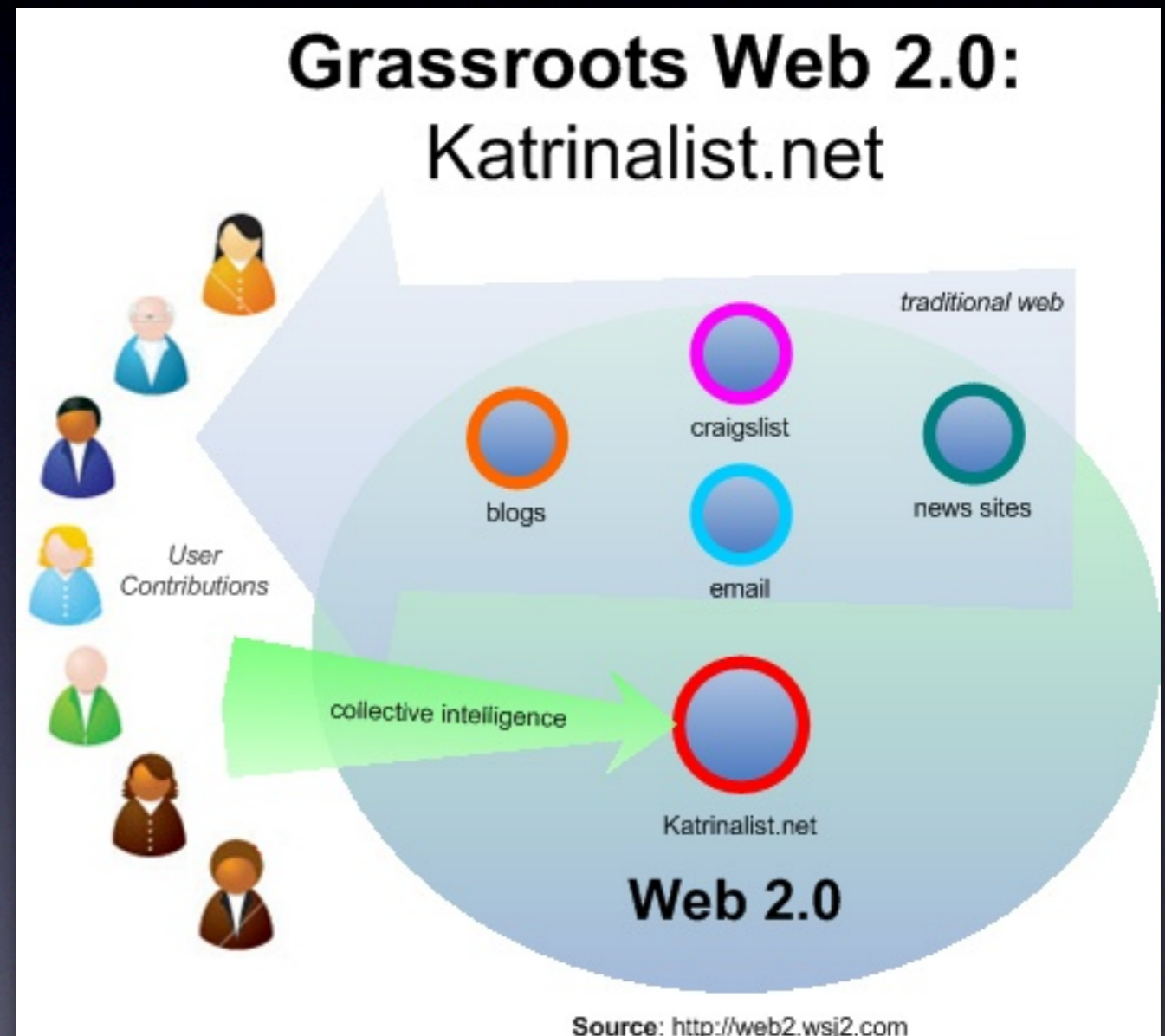
- The emergence of new ways of doing old things
- New economic and cultural models
 - Using social Web technologies
- New forms of resilient and sustainable business processes
- Driven by change on the global network and rising bottom up in many organizations today

The Map of Opportunity



The Story of KatrinaList & XM Radio

- **Hurricane Katrina**
 - Survivors emerged and announced where they were on their blogs
 - People watching the Web's syndication "ecosystem" noticed the reports
 - A small group collected the reports out of the blogosphere and centralized the listing
 - Over 50,000 survivor reports in the first 3 days after the disaster
 - Emergent phenomenon
 - A critical example for how to rethink solutions to traditional problems in a 2.0 world in which we can actually tap collective intelligence
- **XM Radio**
 - **Community for Customer Service**



The major shifts



- In who creates value (the network does)
- How much control we have over our businesses
- How intellectual property works
- Great increases in transparency and openness
- Open supply chains, community-based processes and relationships

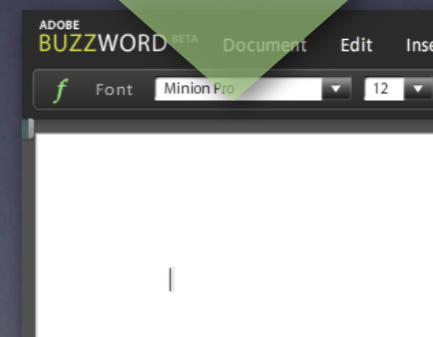
Avoiding “cargo cults”

- **Cargo Cult** *n.* A group conducting rituals imitating behavior that they have observed among the holders of desired objects.



An evolution in collaboration

- The motivation:
 - **Cheaper:** *Less waste, more efficient, and lighter weight.*
 - **Better:** *Faster, richer, and other intrinsic improvements.*
 - **Innovative:** *New ways of solving problems, different strategies for reaching business outcomes. A future.*



The challenges

- Cultural “chasms”
- Disruption
- Cost
- Risk
- Difficulty
- Repeatability



However, it's usually a
people problem:



The biggest challenge is in
changing our thinking

The network is a big place today

- All your customers
- All your competitors
- All the ideas and innovation
- Only a few proven strategies for long-term competitive advantage



Where change is happening now...

(social media in the enterprise)

Enterprise 2.0 & Open Business Models

Product Development 2.0

Product Development

Marketing

Sales

Customer Service

Line of Business

Operations | IT | Back Office

online community

crowdsourcing

cloud computing
mashups
open APIs
SaaS

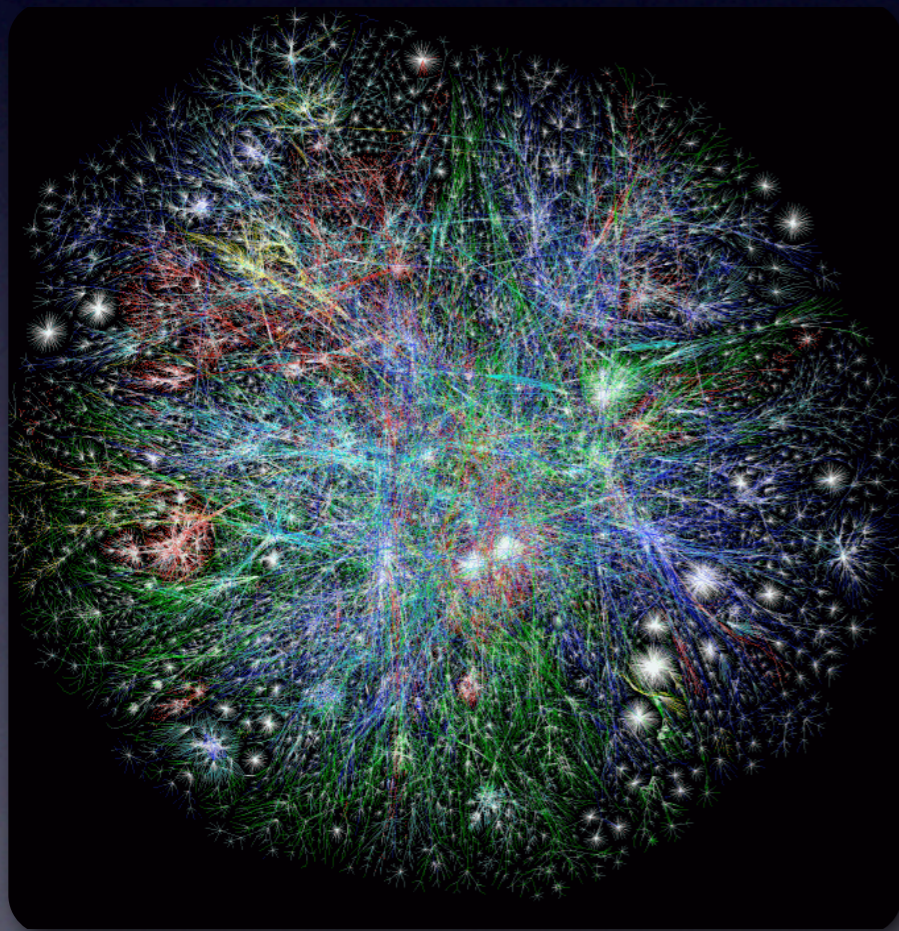
2.0 development platforms

No small system can withstand sustained contact with a much larger system without being fundamentally changed.



The motive forces of 21st century business

that we know of so far



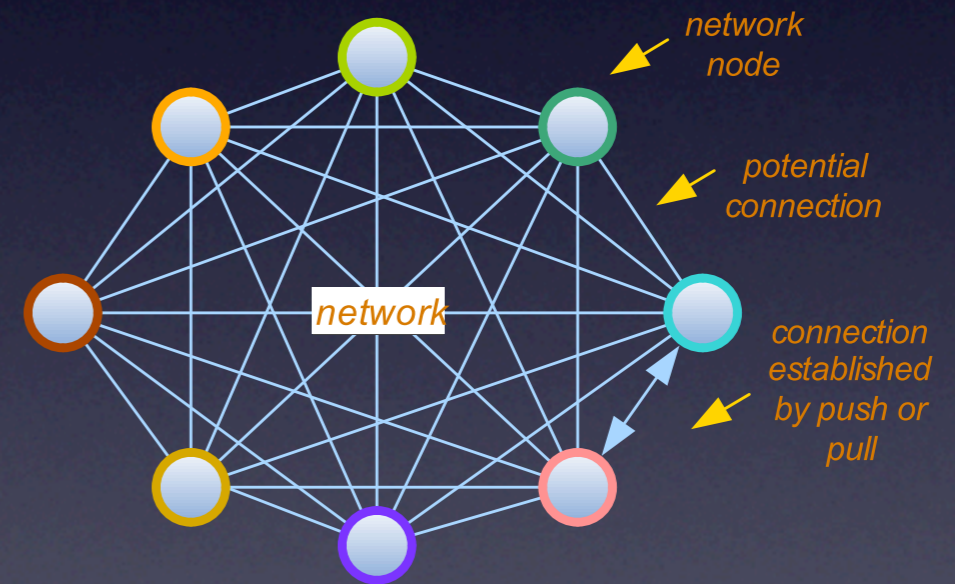
- Network effects
- Peer production
- Self-service
- Open business models
- New social power structures

The Gucci Story

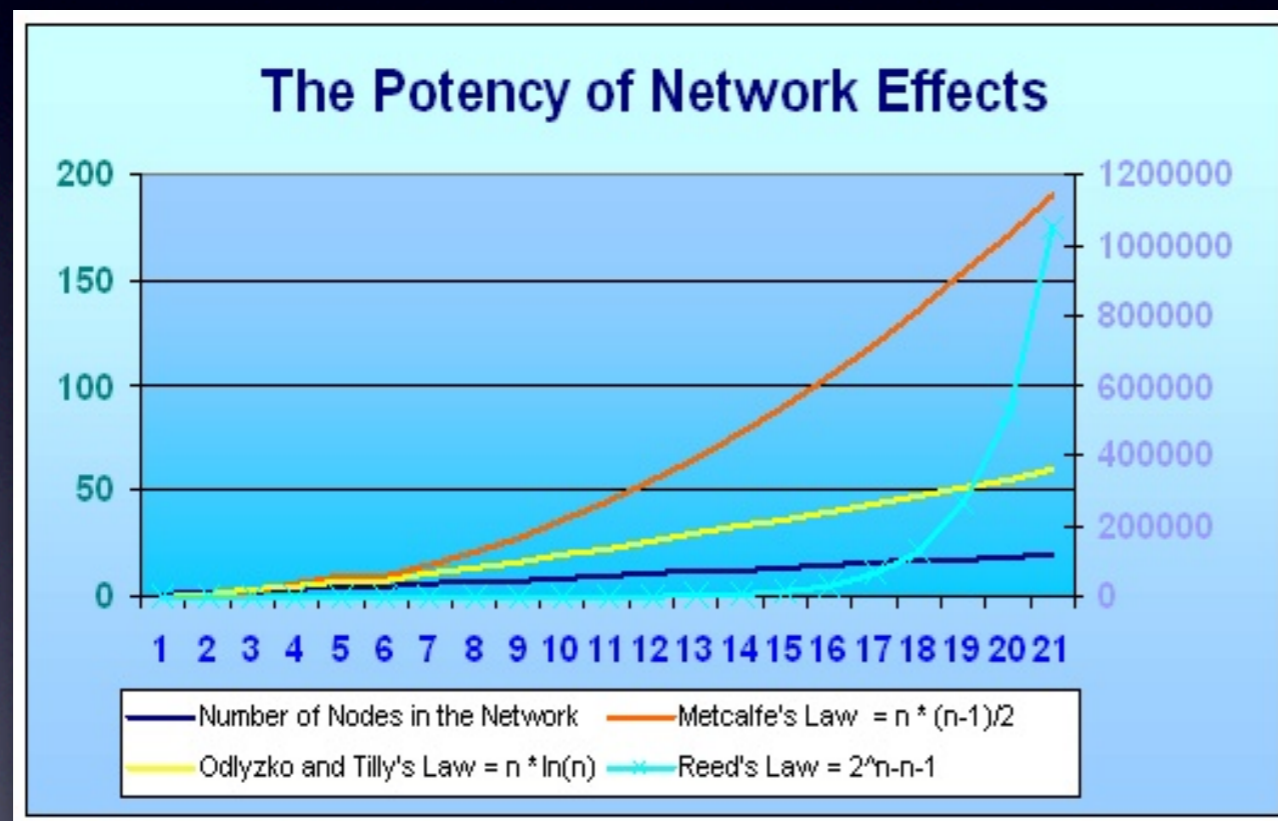
What is a Network Effect?

- A **network effect** occurs when a good or service has more value the more that other people have it too. - *Wikipedia*
 - Postal Mail
 - Phones
 - E-mail
 - Instant Messaging
 - Web pages
 - Blogs
 - *Anything that has an open network structure*

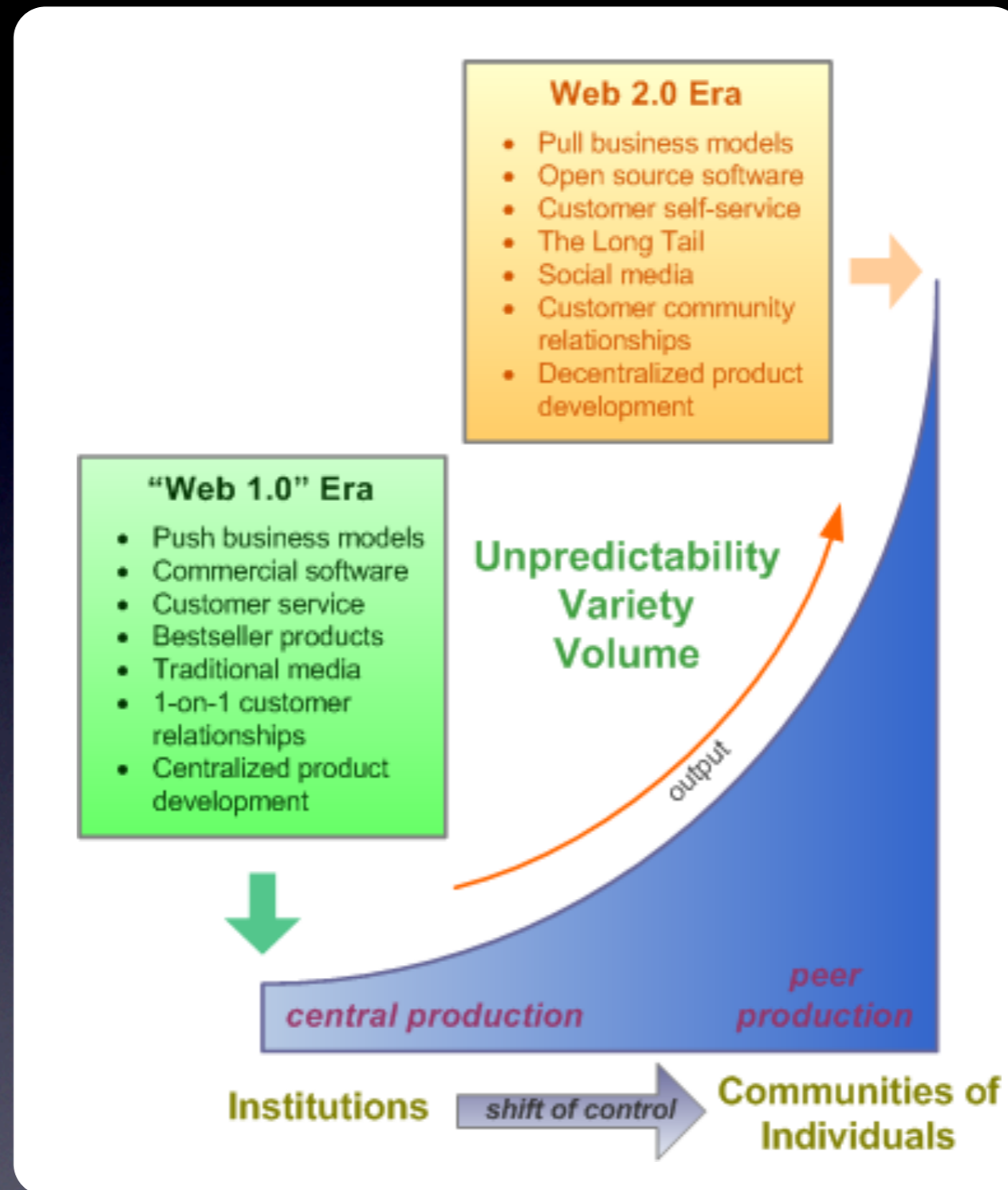
Network Effects



Building Sustainable Value



- Even small network have large potential network effects
- But very large networks have astronomical network effects
- Recent Discovery: **Reed's Law**, which say social use of networks are by far the most valuable





The State of Enterprise 2.0





As of 2009, social tools are becoming mainstream in both consumer life and business

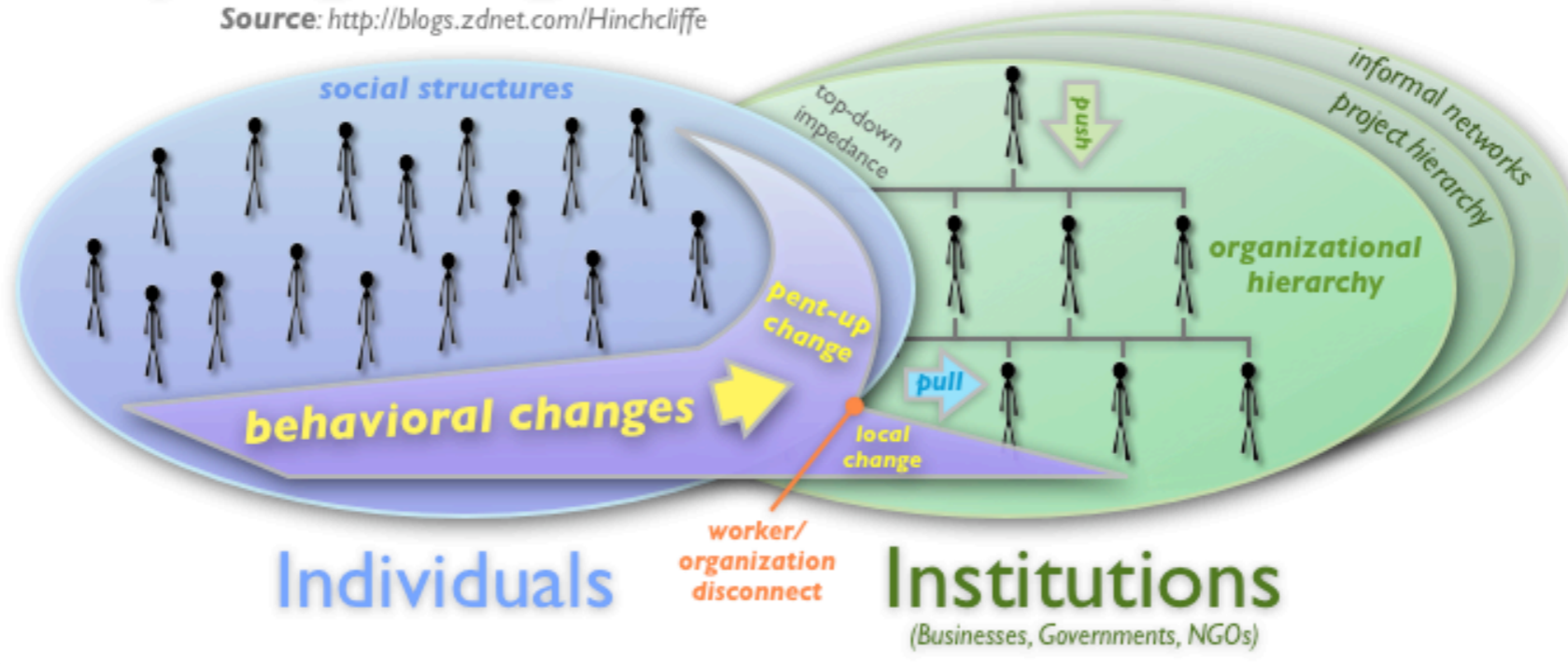
- Most organizations now have them
- But we're still in the early adoption chasm
- Blurring of lines between consumer and workplace
- Uneven adoption; some industries must faster than others.



Rate of change in the consumer world is creating a growing gap with the enterprise

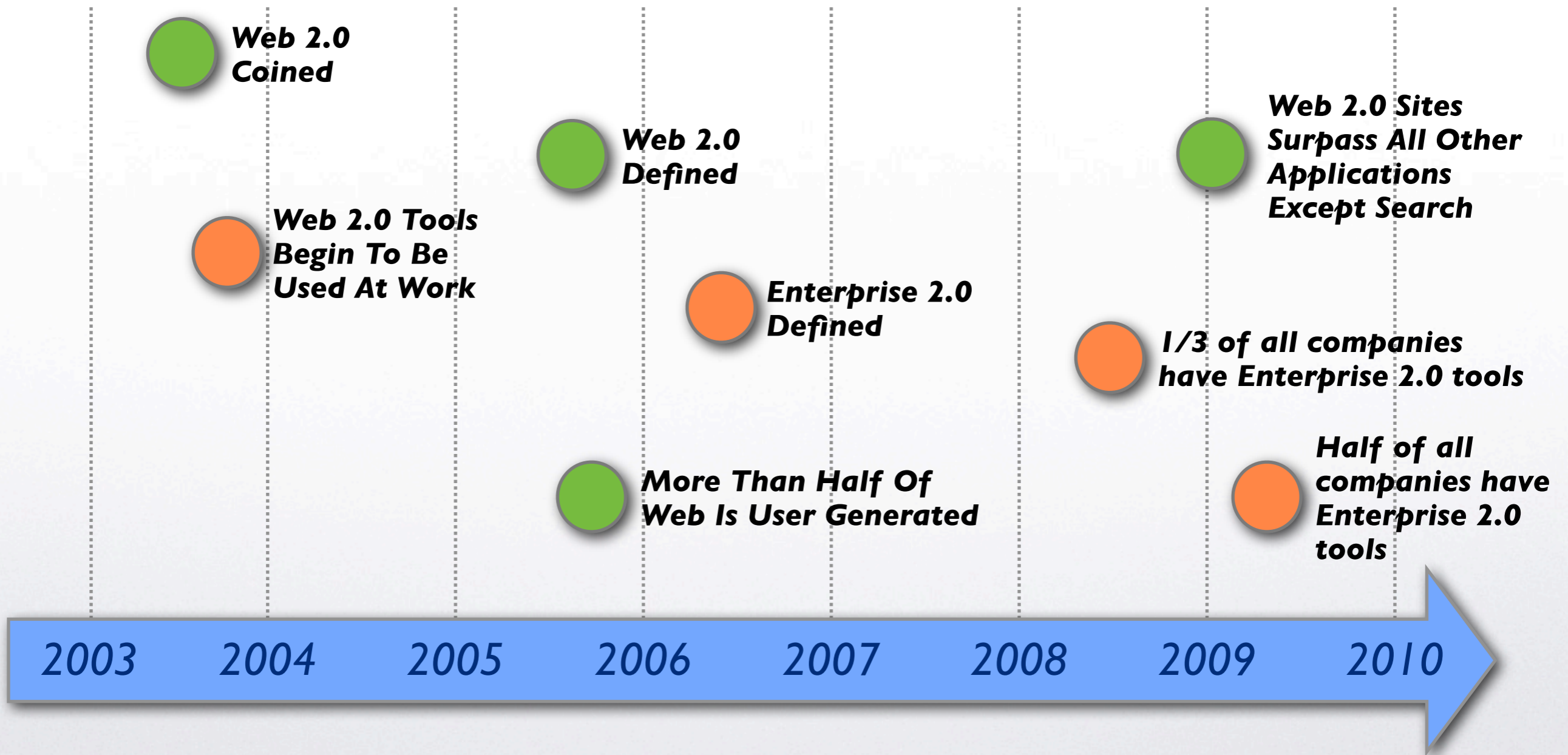
New Social Behaviors, Skills, and Expectations Imposing Change on Traditional Organizations

Source: <http://blogs.zdnet.com/Hinchcliffe>



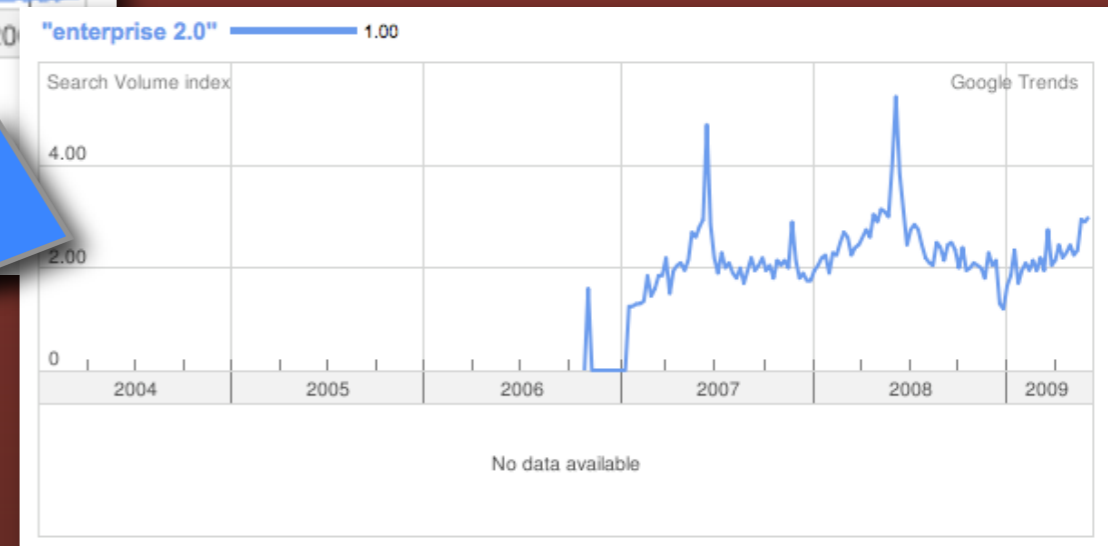
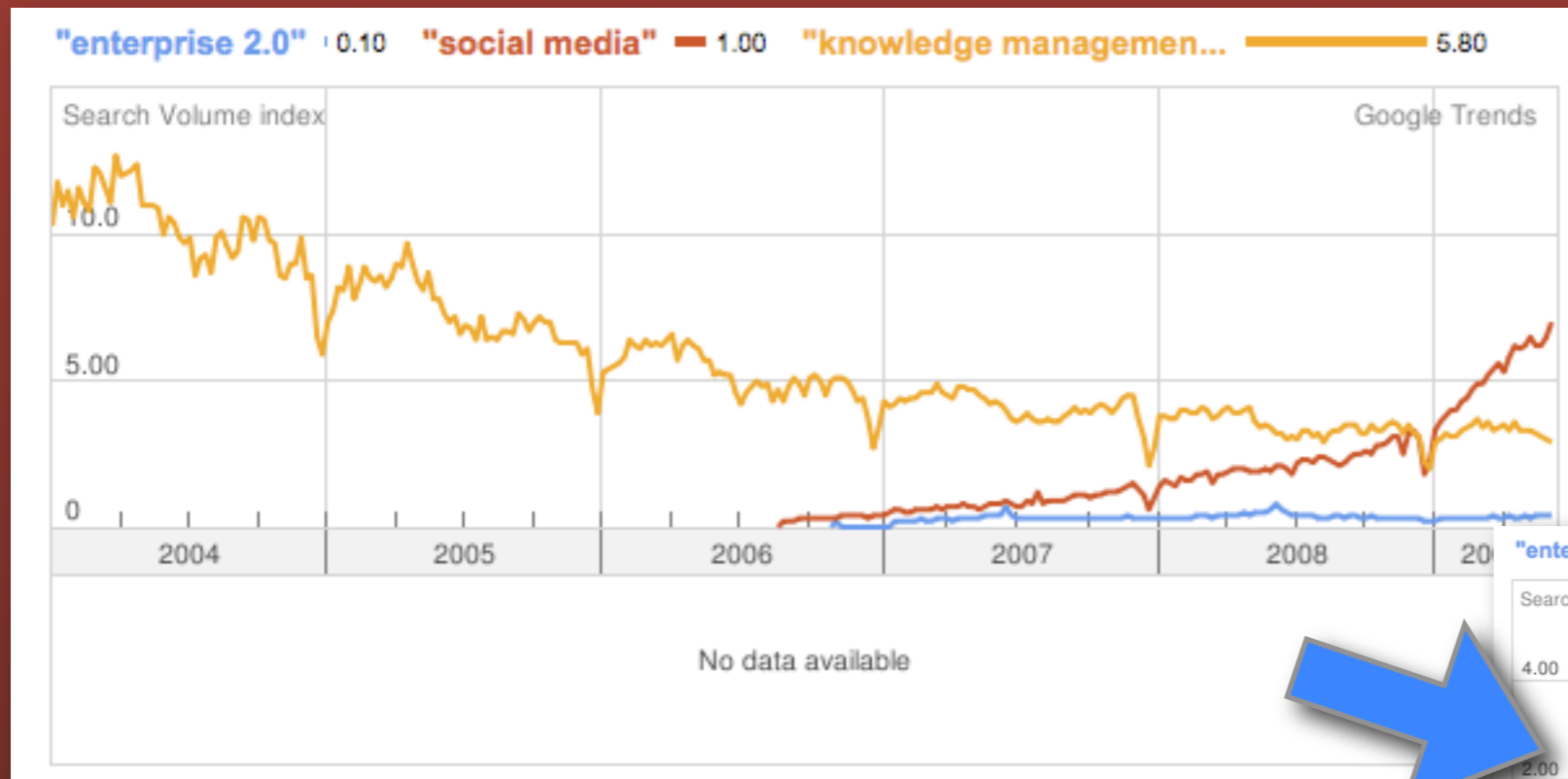


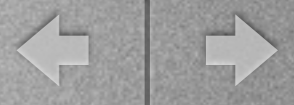
The Story So Far



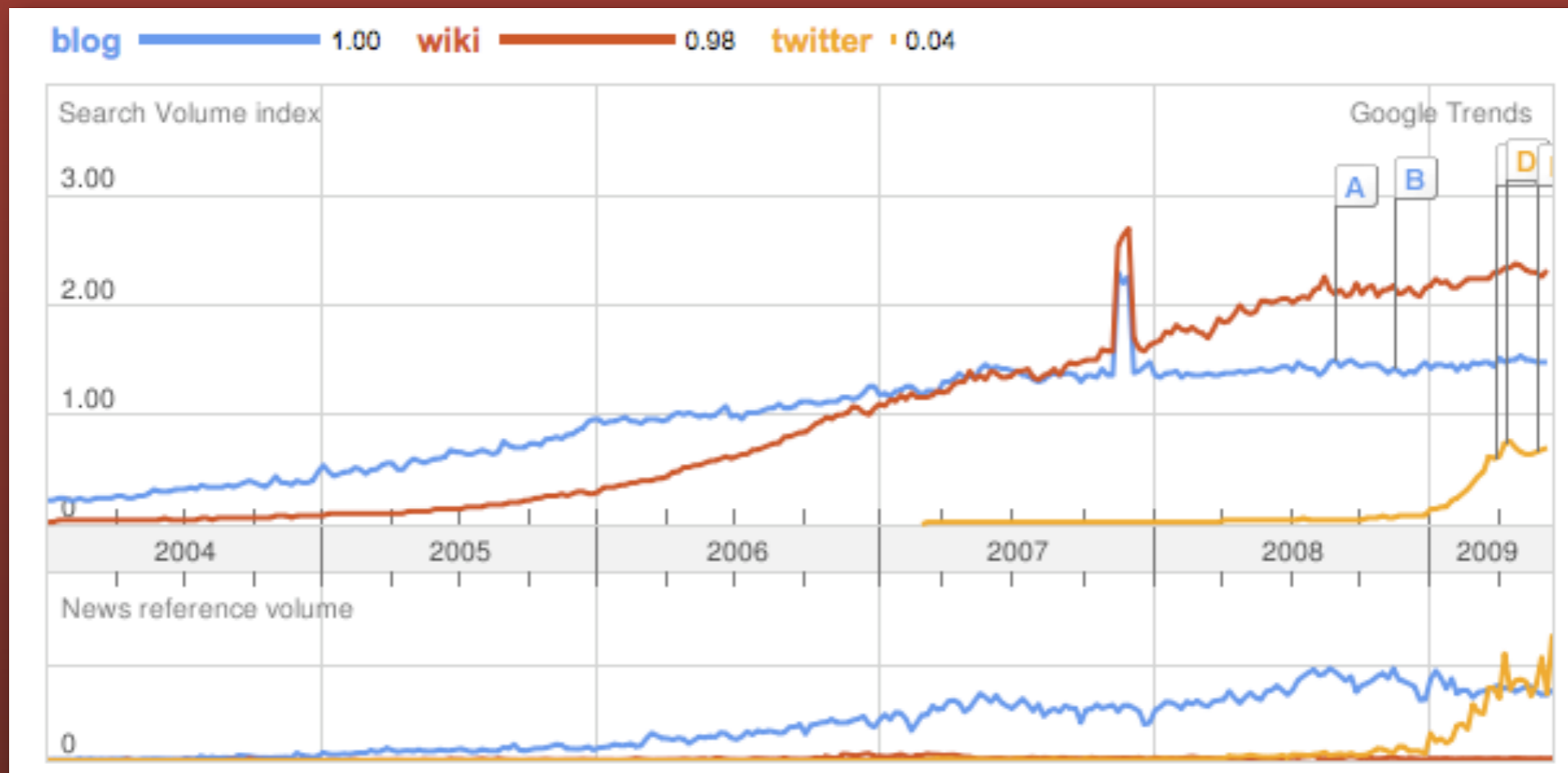


Global Interest in Social Media, Enterprise 2.0, and KM



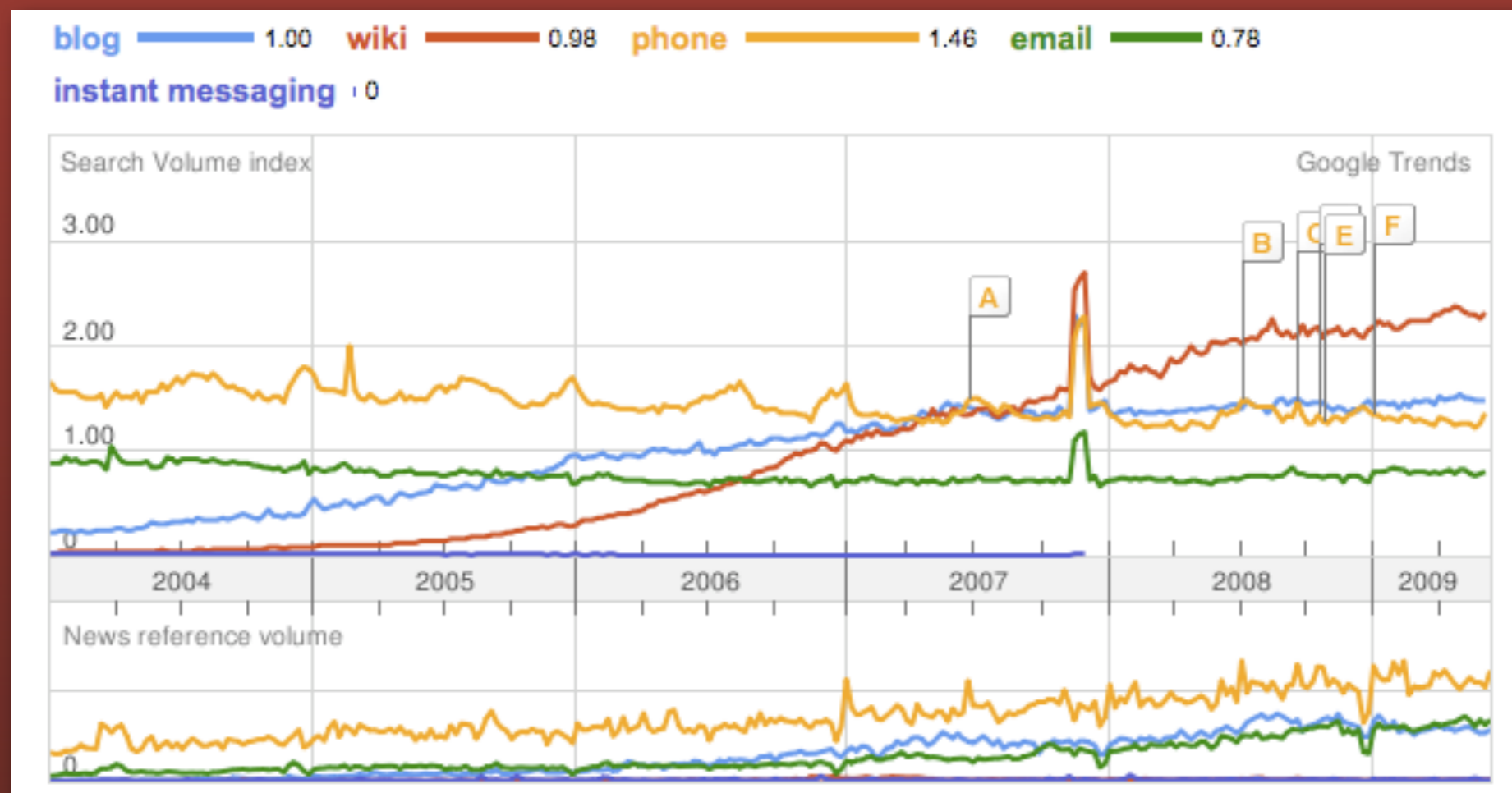


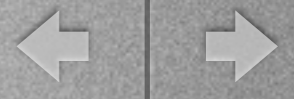
Global Interest in Blogs, Wikis, and Twitter



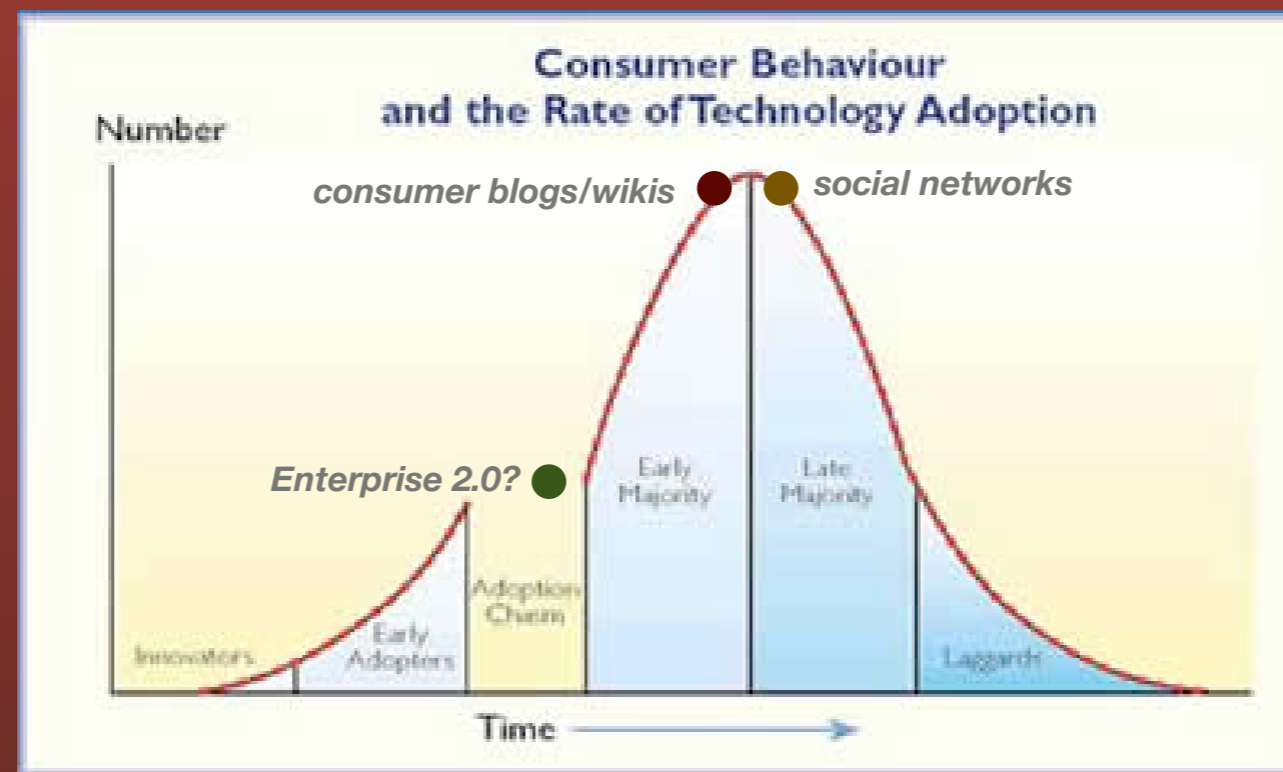


...compared to traditional forms of communication and collaboration





Is Enterprise 2.0 Still In The Adoption Chasm?





- **Hundreds of Enterprise 2.0 pilot projects exist worldwide currently**
 - Based on aggregation of all known contacts and citations
 - Many implementations are not “official” pilots
 - Anecdotal evidence and market research both indicate SMBs are slow to adopt
 - But many large enterprises are implementing...
 - Stories: AOL, Constellation Energy



The State of Enterprise 2.0

in 2009

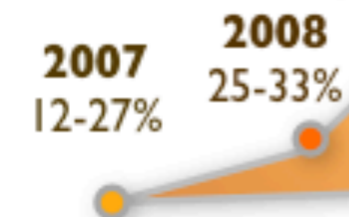
Sample of Organizations Reporting Active Enterprise 2.0 Efforts



Key Data Points:

- ▶ Between a third and a half of all businesses use Enterprise 2.0 tools today.
- ▶ As of 2009, tens of millions of workers around the world regularly use blogs, wikis, social networks, microblogging, and social bookmarking in a business context.
- ▶ Unsanctioned, grassroots adoption is a leading source of Enterprise 2.0 use in business today.
- ▶ Reports on ROI range from as little as 1% up to 40% and occasionally much higher.

Growth: 2009 35-50%



Reported Worldwide Usage Rates of Enterprise Social Computing Tools in the Workplace from 2007-2009

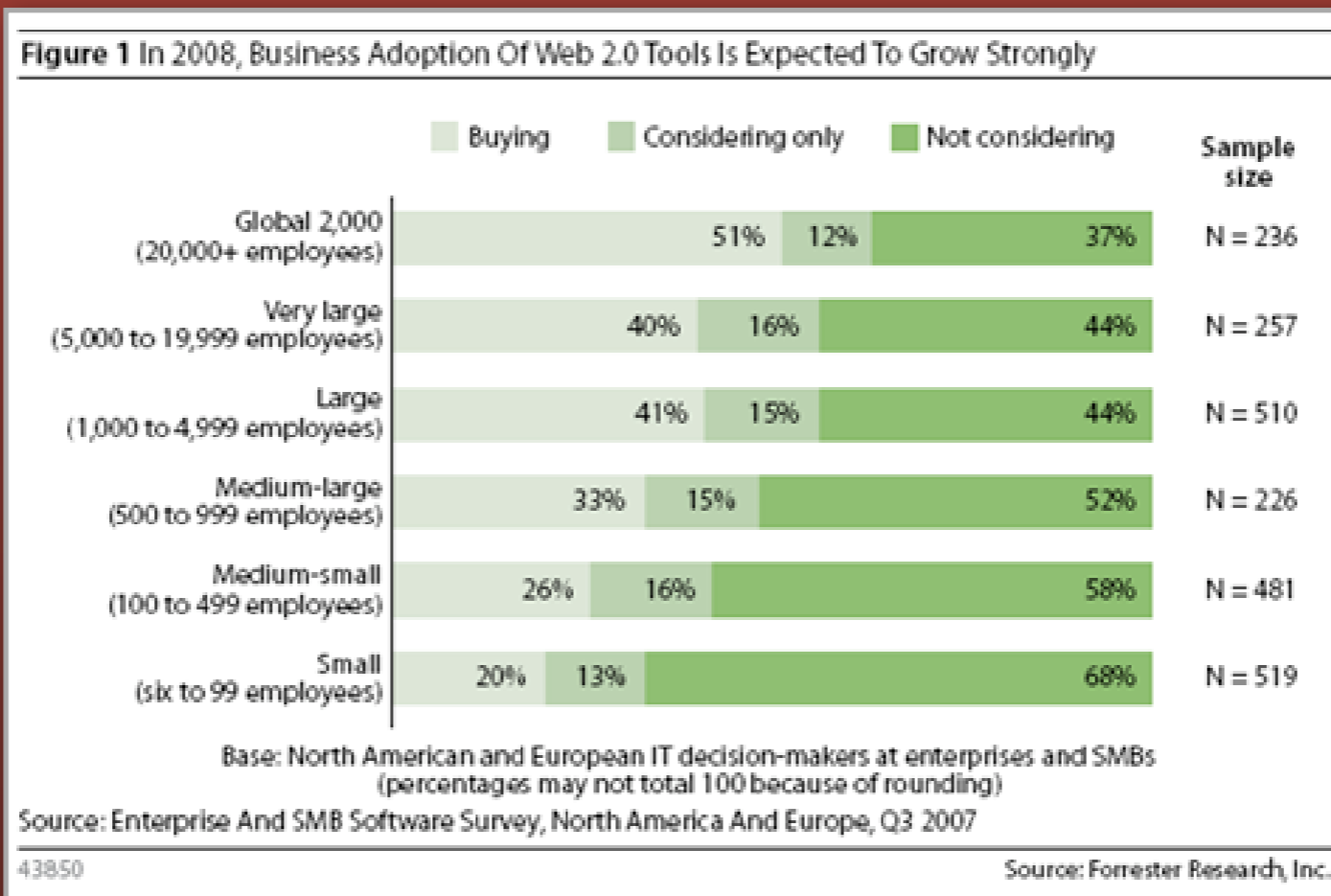
Motivation:

- Better knowledge retention
- Improved expertise location
- Faster information discovery
- Workplace modernity
- Higher levels of collaboration
- Better cross-pollination of ideas
- Fostering innovation
- Higher worker productivity
- More transparency

Sources: Forrester, APC, TMCnet, Intellicom, Hinchcliffe & Co., Nielsen Norman Group, 2.0 Adoption Council, Enterprise 2.0 Case Studies



The majority of Global 2000 firms have been buying Web 2.0 tools

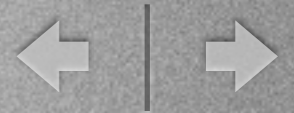




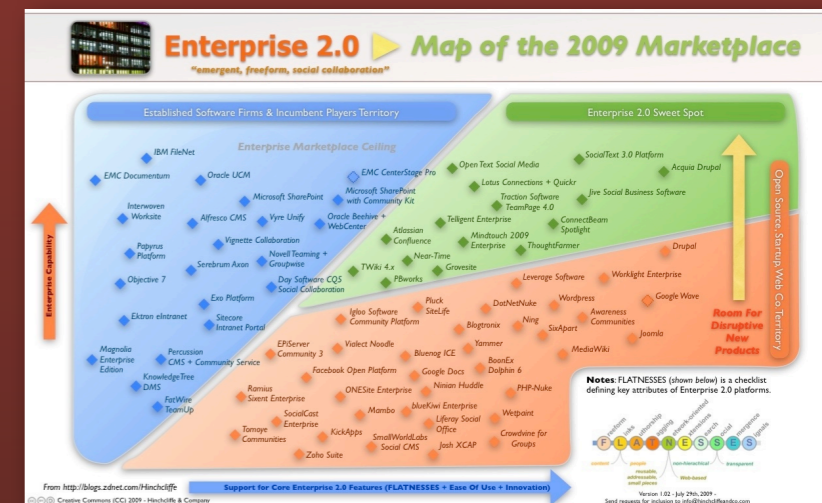
- **Early success stories emerging**
- **Case studies now exist from:**
 - Bank of America, Boston College, Dresdner Kleinwort Wasserstein, IBM, Janssen-Cilag, Motorola, Northwestern Mutual, P&G, Siemens, SAP, T. Rowe Price, U.S. Hospital, Volvo, Wells Fargo, and many others.
 - Most results are very positive
 - Generally reporting better communication, improved cross-pollination and leverage of knowledge, higher productivity, and few of the early expected problems
 - Other results harder to pin down: better innovation



- **Lessons learned accumulating into early best practices**
 - A growing increasing body of knowledge on how to create network-based communities in the workplace
 - Top issues this year with Enterprise 2.0:
 - Community management
 - Social media guidelines for workers
 - Change management methods
 - Driving adoption
 - Measurement of outcomes
 - But it's just a beginning, we have years to go



- **A rapidly maturing vendor space**
 - All of the big software vendors are now talking about or actively offering Enterprise 2.0 products
 - Dozens of startups now have Enterprise 2.0 products that offer most of the key capabilities required to be worthy of the name
 - Older products are also being adapted, retrofitted, and/or relabelled

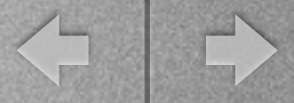




**“Enterprise 2.0 will
be a \$4.3 billion
industry by 2013”**

**- Forrester Research Report,
April 21st, 2008**

Probably Larger



The Big Challenges





The Other Side of the Story

- Cultural, infrastructure, and security issues are holding back adoption
- The Enterprise 2.0 tools that provide high leverage are in their infancy
- Silos and fragmentation have been common
- Organizations with low levels of knowledge workers will realize less ROI
- Infrastructure and legacy tools have been an issue for many



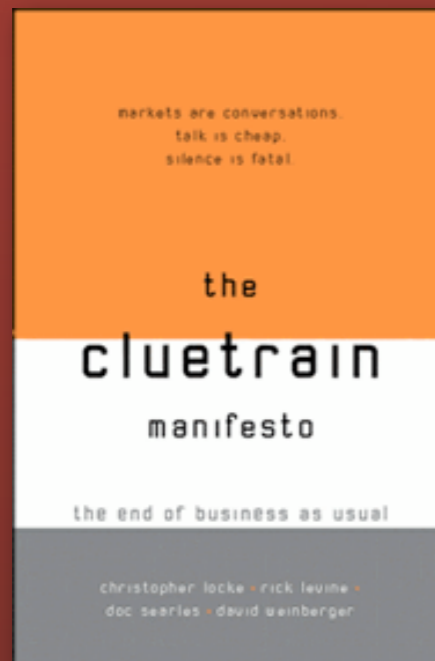
Emerging Developments

- The economic downturn
- The rise of social messaging (ala Twitter)
- “SharePoint Ate My Enterprise 2.0 Implementation”
- Major firms have entered the space: IBM, Oracle but especially Google





But this, it seems, was right all along



A powerful global conversation has begun. Through the Internet, people are discovering and inventing new ways to share relevant knowledge with blinding speed. As a direct result, markets are getting smarter—and getting smarter faster than most companies.

95 Theses

1. **Markets are conversations.**
2. **Markets consist of human beings, not demographic sectors.**
3. **Conversations among human beings *sound* human. They are conducted in a human voice.**
4. **Whether delivering information, opinions, perspectives, dissenting arguments or humorous asides, the human voice is typically open, natural, uncontrived.**
5. **People recognize each other as such from the sound of this voice.**
6. **The Internet is enabling conversations among human beings that were simply not possible in the era of mass media.**
7. **Hyperlinks subvert hierarchy.**
8. **In both *internetworked* markets and among *intranetworked* employees, people are speaking to each other in a powerful new way.**
9. **These networked conversations are enabling powerful new forms of social organization and knowledge exchange to emerge.**
10. **As a result, markets are getting smarter, more informed, more organized. Participation in a networked market changes people fundamentally.**
11. **People in networked markets have figured out that they get far better information and support from one another than from vendors. So much for corporate rhetoric about adding value to commoditized products.**
12. **There are no secrets. The networked market knows more than companies do about their own products. And whether the news is good or bad, they tell everyone.**





Enterprise 2.0 Redux



Modern Social Computing: *Enterprise 2.0*

- Concieved by Harvard Business School Professor Andrew McAfee
- Defined as *emergent, freeform, social* applications for use within the enterprise
- Primarily to improve the collaboration problem (discussed shortly)
- The use of blogs and wikis to capture institutional knowledge, make it discoverable and let structure and organization emerge naturally



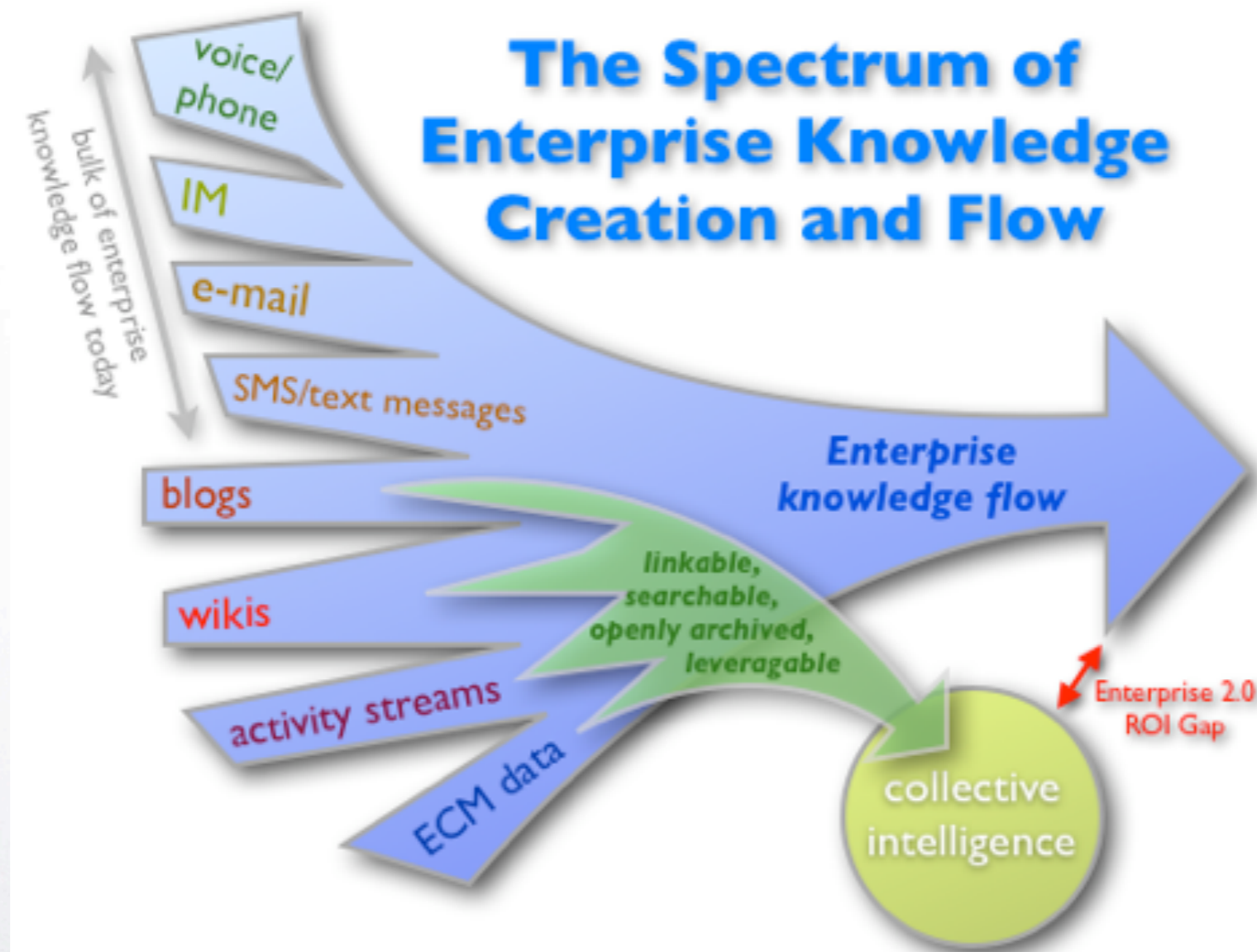


Applying the “Web 2.0 effect” at work

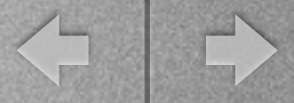
- Enterprise 2.0
 - Globally visible, persistent collaboration
 - Employees, partners, and even customers
 - Leaves behind highly reusable knowledge
 - Uses wikis, blogs, social networks, and other Web 2.0 applications to enable low-barrier collaboration across the enterprise
 - Puts workers into central focus as contributors
 - Case studies of early adoption consistently verifying significant levels of productivity and innovation

Enterprise 2.0 systems adapt to the environment, rather than requiring the environment to adapt to it.

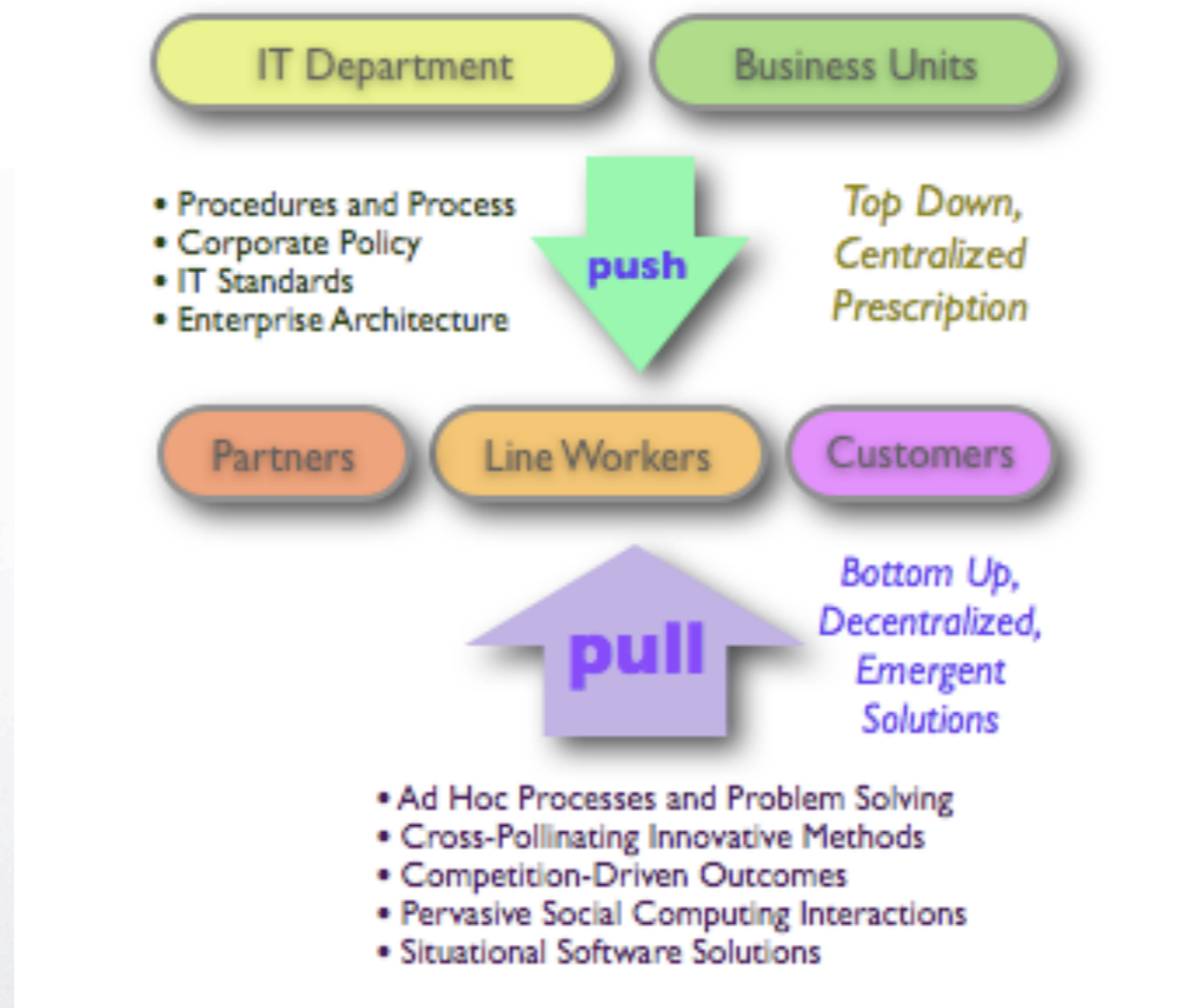


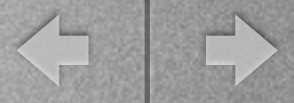


From <http://blogs.zdnet.com/Hinchcliffe>



Push vs. Pull Based Systems

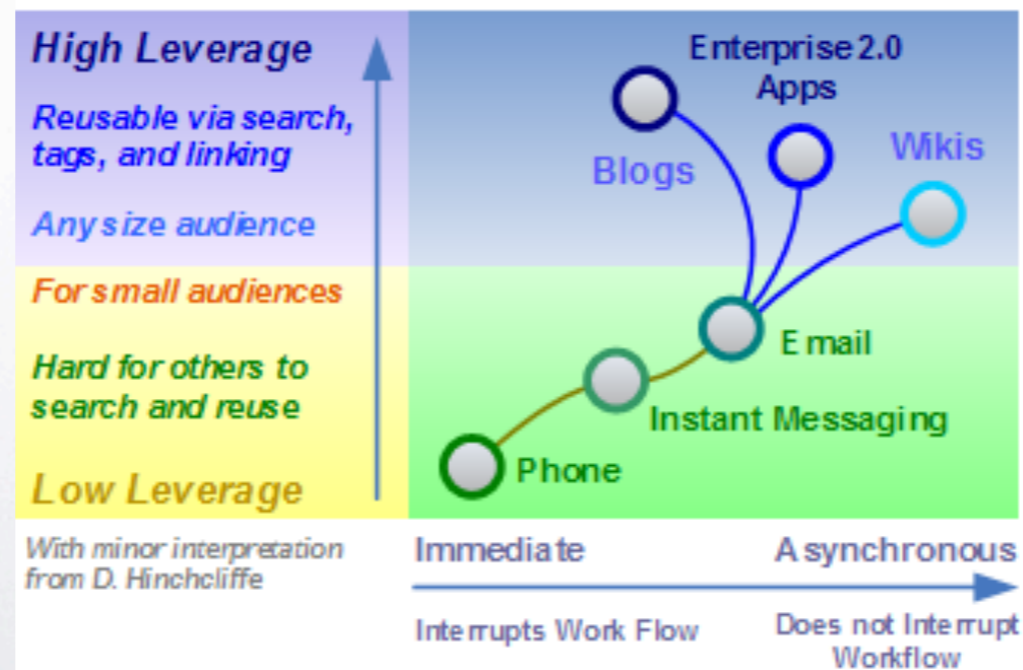




Two more important reasons for Enterprise 2.0

- Non-interruptive and leveragable...

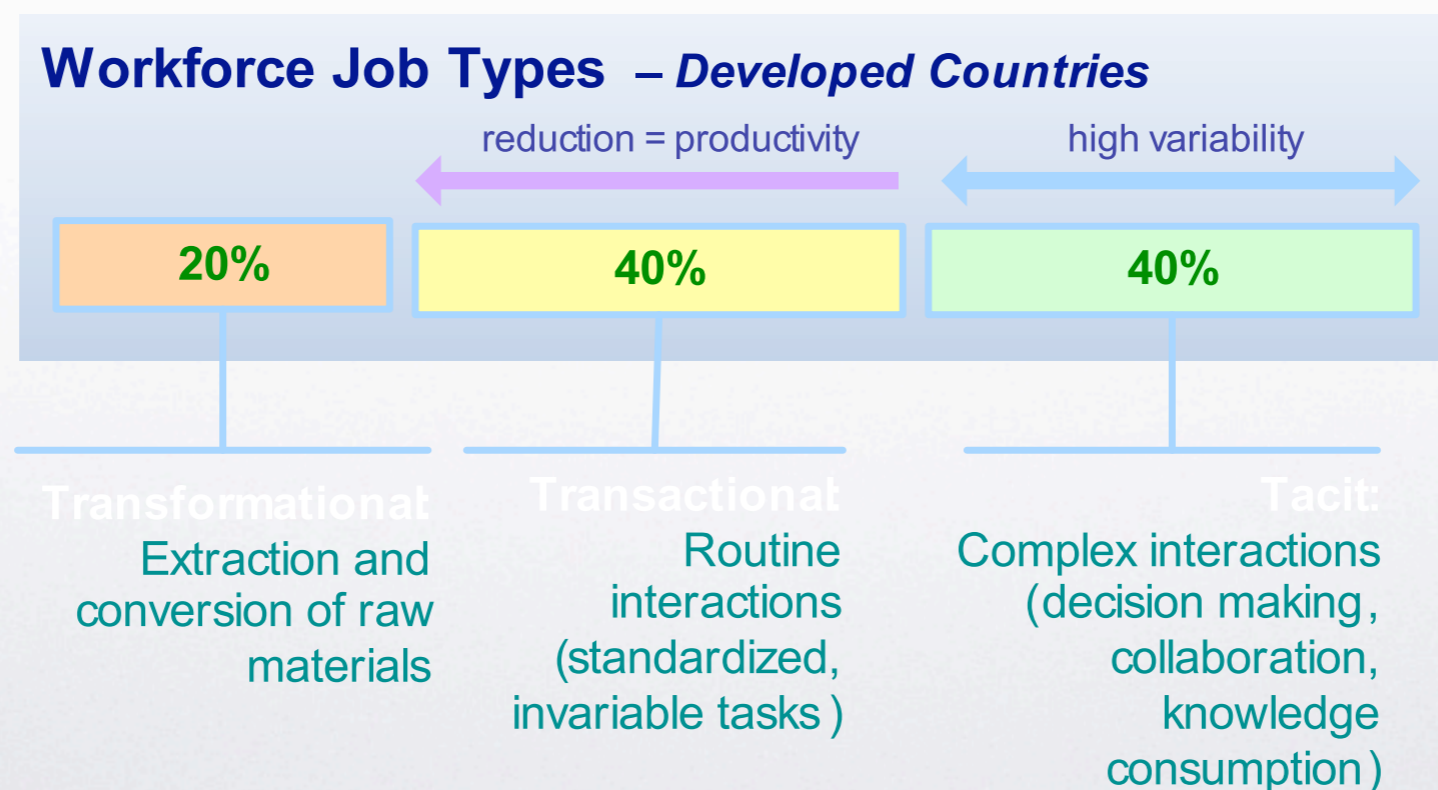
Rod Boothby's Enterprise 2.0 Communication Continuum





Significant Motivation Exists To Adopt Enterprise 2.0

- Increased levels of productivity that were inaccessible until now
- Enablement of tacit interactions on a previously unknown scale
(*Source: McKinsey & Company*)

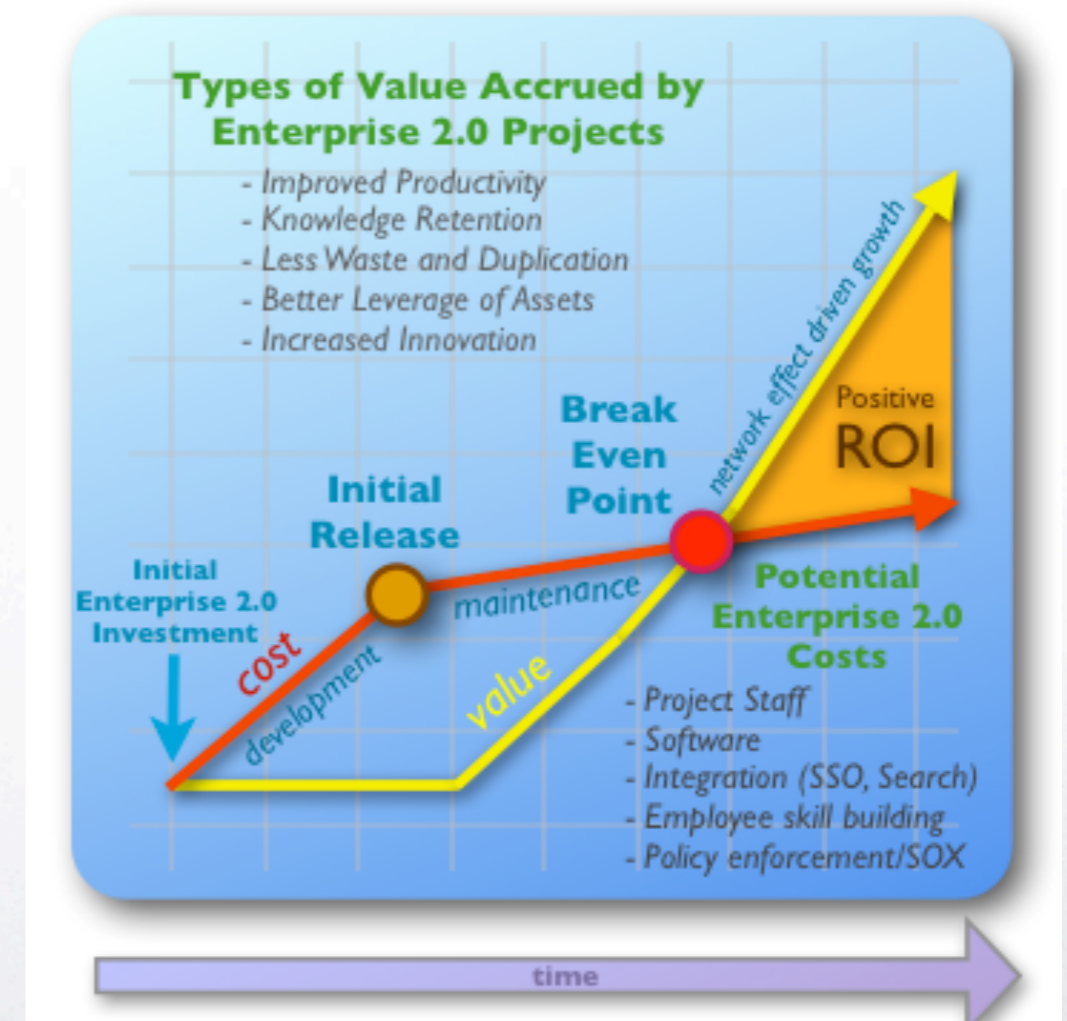


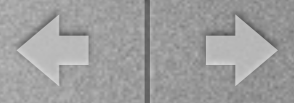
*Enterprise 2.0 has the potential to increase productivity in **complex interactions**, where previous attempts have largely failed*



Determining the ROI of Enterprise 2.0

- Project costs tend to be lower than classical IT efforts (Example: Transunion, \$50K to reap \$2M+)
- ROI is hard to measure because of cause and effect chains
- But when I is low, R is easier to reach





Distributed Value

Cause and Effect Chains with Enterprise 2.0 Tools

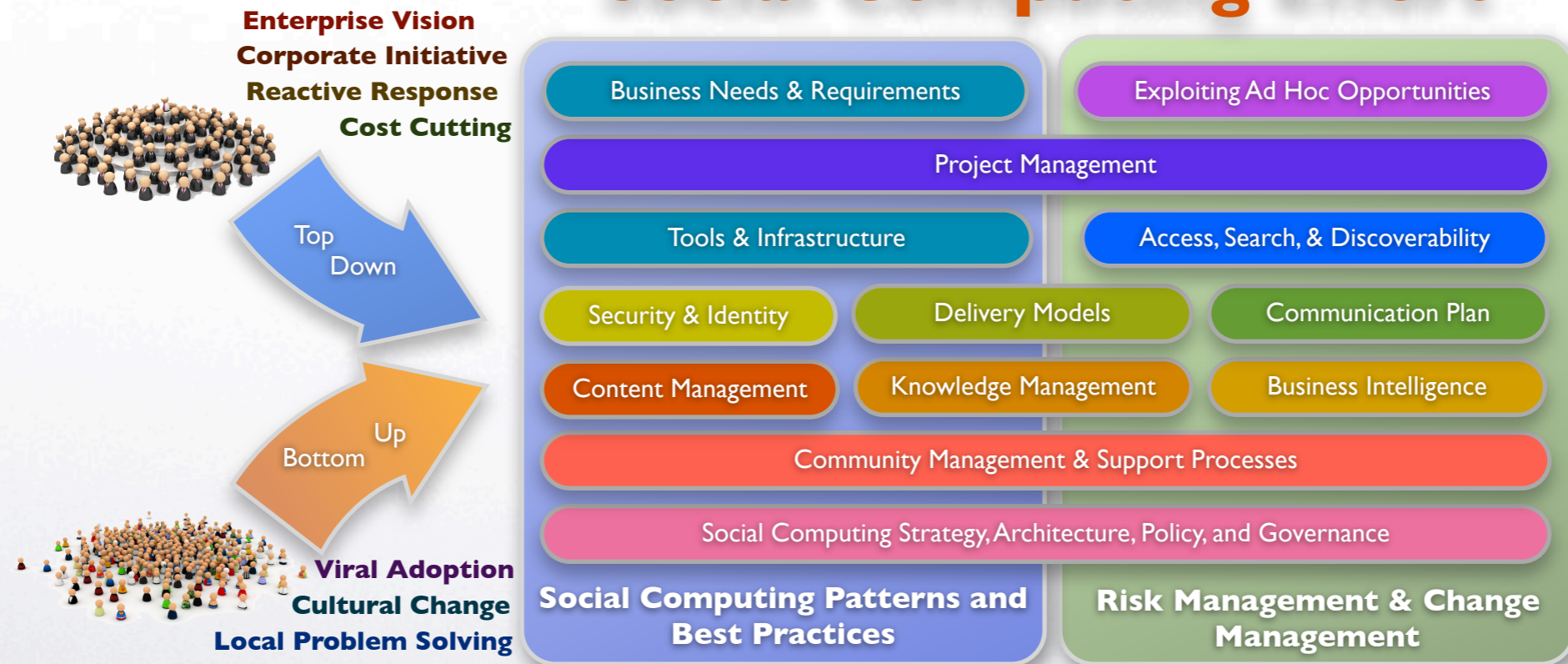


From <http://blogs.zdnet.com/Hinchcliffe>



What it all looks like

Anatomy of an Enterprise Social Computing Effort





Latest Innovations

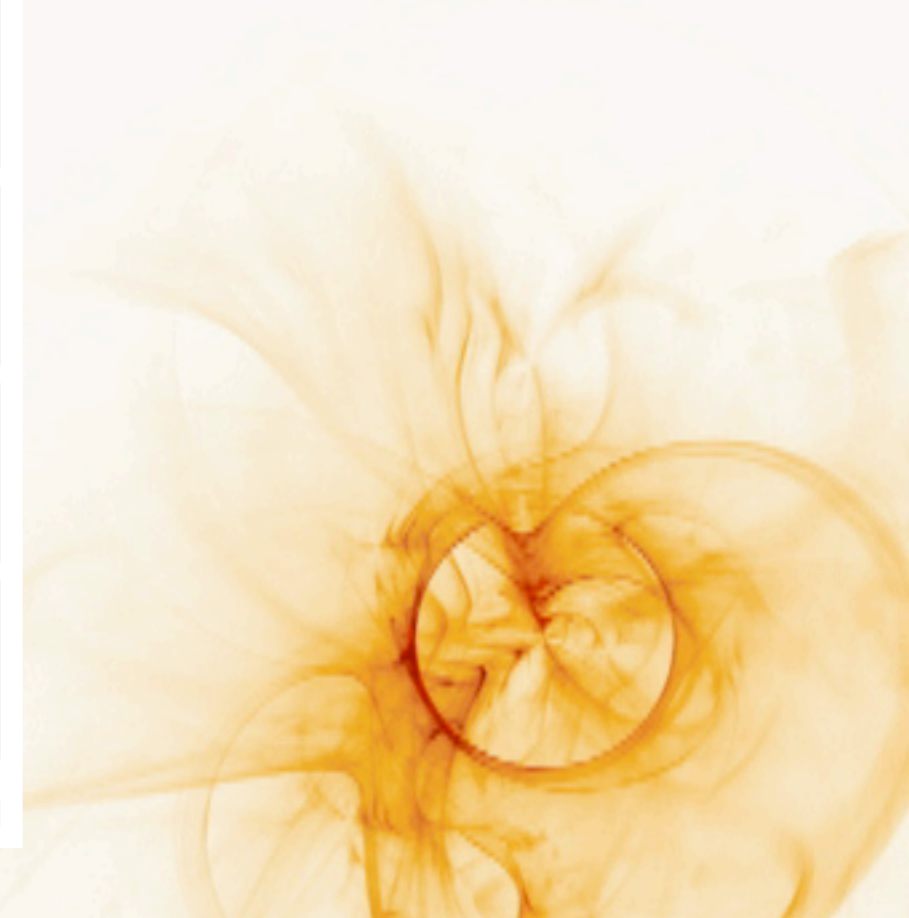
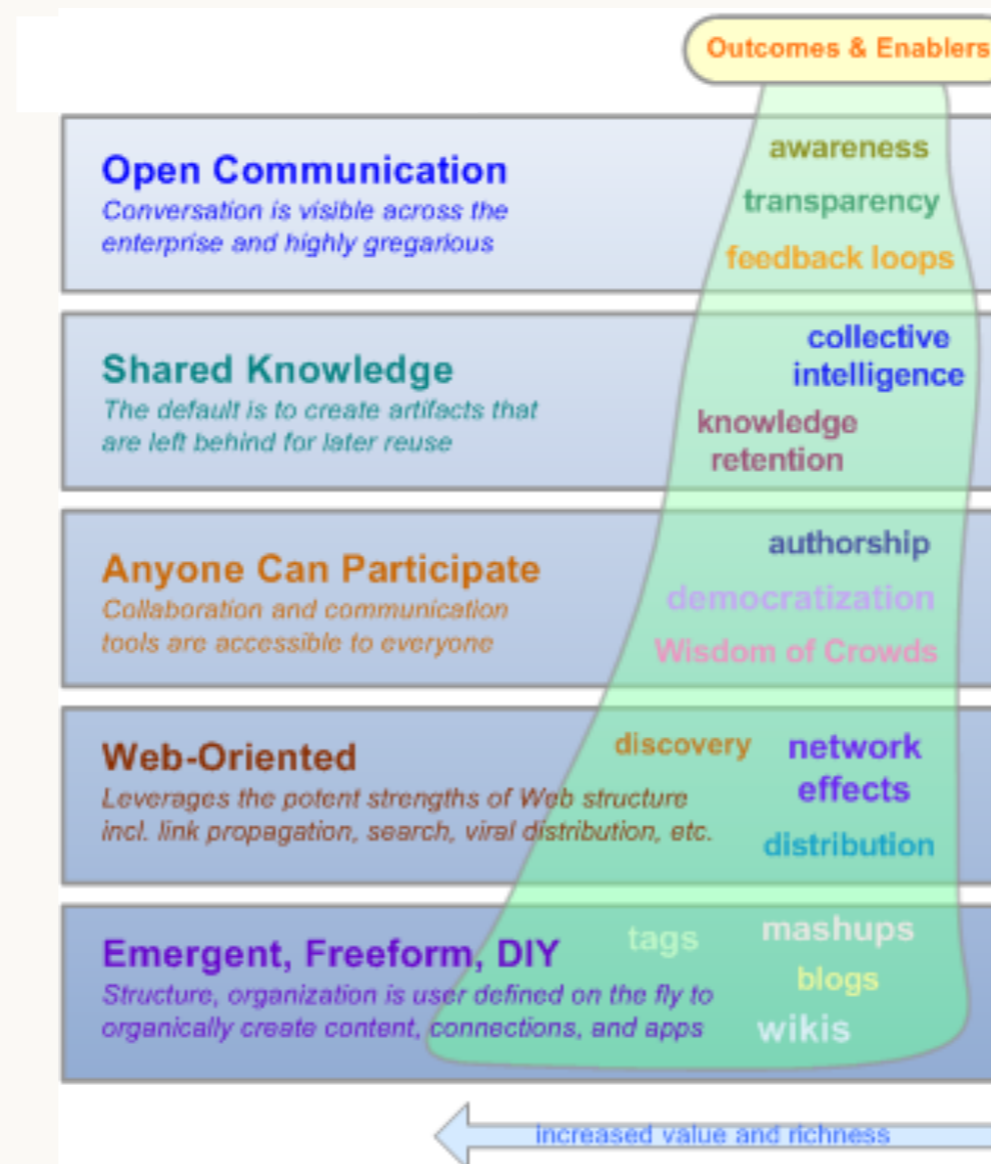
**Crowdsourcing for Business:
Now Usable Broadly Across
Functional Units**



- Crowdsourcing has become a mature way of collaborating with the marketplace across the firewall



Enterprise 2.0 Aspects



Enterprise 2.0: The bottom line

- Repeatable
- Medium Risk
- Proven Benefit
- Rapid ROI
 - New Transunion Enterprise 2.0 case study with dramatic ROI: \$3.5M recoup in 5 months with \$50K investment: <http://bit.ly/O74W>

Ready for Wide
Adoption

Questions

Slides:

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